

INTER-DEPARTMENTAL COMMUNICATION

July 27, 2012

To: City of Detroit Employee

From: Lamont D. Satchel, Esq. *LS*
Director of Labor Relations

RE: City Employment Terms

As you know, the City of Detroit has implemented employment terms ("City Employment Terms" or "CET") for employees in certain unions. Employees are encouraged to contact their respective unions for questions regarding the applicability of the City Employment Terms to them. We understand that there are a number of questions employees have regarding the actual implementation of various City Employment Terms as they affect wages, vacation, sick banks, healthcare and other areas of importance to employees. Below are a number of items covered by the City Employment Terms, accompanied by the City's approach to implementation.

It should be kept in mind that it is the City's intent to implement the economic and non-economic provision of the City Employment Terms in a reasonable manner so as to avoid or minimize personal and operational disruption.

Implementation of the item below for non-union employees will be communicated at a later date.

10% Wage Reduction and Cessation of Furlough – A 10% wage reduction will be reflected in employee's paychecks on August 24 or August 31, 2012, depending on the employee's pay cycle. Budgeted Required Furlough ("BRF") days will be discontinued and coincide with replacement by the 10% wage reduction. The last Budgeted Required Furlough day will be July 30, 2012. For employees who do not have BRF days the 10% wage reduction shall be effective July 17, 2012.

Merit and Step Increases – All merit and step increases have been eliminated effective July 17, 2012.

Shift Premium – Shift premiums will be \$.25 for the afternoon shift and \$.50 for the night shift, effective August 12, 2012.

Vacation Accrual Cap – Currently vacation hours are capped at 320 hours and accrual over this amount must be used before September 30, 2012. Going forward the cap on accrual of vacation hours will be reduced to 160 hours. However, this year employees will be allowed to carry over up to 320 hours on October 1, 2012. This cap will be implemented pursuant to the Human Resource Vacation Policy.

Elimination of Swing Holidays and Election Day as Holiday – Swing holidays received this July 1, 2012 will be honored. However, there will be no future receipt of swing holidays after July 1, 2012. Effective July 17, 2012, proration of swing holidays for new hires has ceased. Effective July 17, 2012, Election Days formerly treated as holidays will be considered work days.

Sick Time Banks – Award of Reserve and Seniority Sick Banks will be discontinued. No more accruals to these banks will be made after July 1, 2012, but they will be available for use. Current Sick Banks will be capped at 300 hours. Employees will be notified prior to the effective date of the cap.

Jury Duty – Supplemental jury duty pay will be eliminated. However, employees will be allowed to use available paid leave time while off on jury duty. Employees will be notified prior to implementation of this change in the city's jury duty policy.

Private Car Mileage Reimbursement - Effective September 2012, City of Detroit employees who qualify for mileage reimbursement will no longer receive the \$3.00/day reimbursement for use of their vehicle on city business. Such employees will, however, continue to receive actual mileage reimbursement. Also, supplemental accident payments are eliminated effective September 2012.

Health Care – The City has made changes to the plan design of its health care benefits including BCBSM PPO, Health Alliance Plan & Total Health Care. The City is eliminating BCBSM Traditional and Comprehensive Major Medical as plan options for all active employees subject to the CET. Open Enrollment is expected to occur October 1 – October 31, 2012 and the 80/20 employee healthcare contribution is expected to be implemented in October 2012.

Health Care Plan Changes

- Deductibles increase to \$250 per person/\$500 per family for all plans
- Coinsurance increase to 80/20 for all plans
- Coinsurance maximum increase to \$1,500 per person/\$3,000 per family
- Office Visit Copay increase to \$25 per visit
- Urgent Care Copay increase to \$25 per visit
- Emergency Room Copay increase to \$100 per visit
- New Hospital Admission Copay of \$100 per admission
- Prescription drug Copay increase to \$10 generic/\$35 preferred brand/\$50 non-preferred brand.
- Mandatory generic
- Mandatory step therapy
- Mandatory prior authorization

- Mandatory mail order for maintenance medications
- Exclusion of lifestyle drugs except Weight Management, Smoking Cessation and Birth Control medications
- Self Funded prescription drug administration changed to new vendor. All fully insured prescription drugs will continue to be administered by the respective HMO provider i.e. HAP, BCN, THC.
- Medical, Dental and Vision employee premium cost sharing is changed to 80/20.

Death Benefit & Life Insurance – The City will continue to provide death benefits and life insurance as previously outlined in the most recently expired collective bargaining agreements. The life insurance benefits will be contained in city policy.

Retirement – The multiplier has been reduced to 1.5 and the escalator eliminated. The expected implementation date for these changes is November 2012.

Supplemental Unemployment Benefit – The City will no longer provide the supplemental unemployment benefit to employees who become eligible for the benefits after July 17, 2012. Employees currently receiving this benefit will receive their last payment on August 10 or August 17, 2012, depending on their pay cycle.

Overtime – All changes reflected in the overtime provision of the CET, including the reduction of overtime to 1 ½ and elimination of daily overtime will be implemented prior to the end of the calendar year for relevant employees. Advance notification of implementation will be provided.

Unused Sick Leave on Retirement – Any sick leave accumulated after July 17, 2012 and remaining unused at retirement will not be paid out.

Holiday – The holiday premium rate is reduced from double time to 1 ½. This change will be implemented November 1, 2012.

Funeral Leave – Effective August 1, 2012, employees may take up to two days off, with pay, for funeral leave for immediate family members. Up to an additional three (3) days may be taken and charged to an employee's sick leave bank.

Clothing & Uniform Allowance – Where applicable, clothing and uniform allowances will now be paid every two (2) years, instead of every year. Eligible employees will receive such allowance this fiscal year.

Tuition Refund – The Tuition Refund program is eliminated effective July 17, 2012. Employees taking eligible classes and receiving tuition refunds as of the effective date will receive refunds for that semester only.

Longevity – Effective October 1, 2012 there will be no annual longevity payment and no proration upon separation of employment.

125k Plan – The City will be implementing a 125K Flexible Spending Account Plan. Employees will receive prior notification of the implementation date and details regarding participation.

Out-of-Class Pay – Employees working out of classification will receive out-of-class payment after 30 consecutive days of working out of classification. This practice will become effective September 1, 2012.


Bonus Vacation Days – Bonus Vacation Days received this July 1, 2012 will be honored. However, there will be no future receipt of Bonus Vacation Days after July 1, 2012.

Sick Time Inclusion in Final Average Compensation – The inclusion of sick time in an employee's Final Average Compensation will be discontinued. The expected implementation date is November 15, 2012

INTER-DEPARTMENTAL COMMUNICATION

June 24, 2013

To: City of Detroit Employees

From: Lamont D. Satchel, Esq. 
Director of Labor Relations

RE: Benefits Changes for CET Governed Employees

As you know, the City of Detroit implemented employment terms ("City Employment Terms" or "CET") for employees in certain unions including the Detroit Water and Sewerage Department.

Indicated below are benefit changes and implementation dates.

Vacation Accrual/Carryover Cap – Vacation hours are capped at 240 hours and accrual over this amount must be used before September 30, 2013. Going forward the cap on accrual /carryover of vacation hours will be reduced to 160 on October 1, 2014.

Elimination of Swing Holiday and Election Day as Holiday – Effective July 1, 2013, Swing Holidays are eliminated, including the proration of swing holidays for new hires. Election Days formerly treated as an Excused Time Holiday will be considered a work day.

Elimination of Bonus Vacation Days - Effective July 1, 2013, employees will no longer receive bonus vacation days.

Sick Time Banks – Award of Reserve and Seniority Sick Banks will be discontinued. No more accruals to these banks will be made after July 1, 2012, however they will be available for use.

If there are any questions or concerns, please contact Labor Relations at 313-224-3860.

LDS/lbw




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INTER-DEPARTMENTAL COMMUNICATION

To: City of Detroit Employees

From: Lamont D. Satchel, Esq. 
Director of Labor Relations

Date: November 8, 2012

RE: Revised Implementation Dates for Select City Employment Terms

In a previous communication to employees subject to City Employment Terms, dated July 27, 2012, the Labor Relations Division identified several economic and non-economic provisions of the City Employment Terms that would be implemented over a period of time. This communication updates the prior communication by providing revised implementation dates for the City Employment Terms listed below:

Overtime – The reduction of overtime to time and one-half (1 ½) from double time for the seventh day effective November 12, 2012.

Holiday – The holiday premium rate is reduced from double time to time and one half (1 ½) effective November 12, 2012.

Shift Premium – Shift premium will be \$.25 for the afternoon shift and \$.50 for the night shift effective November 9, 2012

Elimination of Longevity, Longevity additive and Proration – Effective November 15, 2012, there will be no annual longevity payment and no proration of longevity payment upon separation of employment.

If there are any questions or concerns on these issues, please contact Labor Relations on 224-3860.

LDS:lbw



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INTER-DEPARTMENTAL COMMUNICATION

To: City of Detroit Employees

From: Lamont D. Satchel, Esq.
Director of Labor Relations

Date: November 28, 2012

RE: Implementation of Pension Changes for Non-Uniform Employees subject to CETs (Clarification)

In response to employees' feedback, this communication updates and clarifies the prior communication on the specific pension items and related qualifications for the City Employment Terms listed below.

Retirement Multiplier – The multiplier is reduced to 1.5% for all service time rendered on or after December 1, 2012.

Escalator – The 2.25% annual escalator is eliminated effective December 1, 2012.

Unused Sick Leave on Retirement – Eligible employees shall continue to receive payment of sixty percent (60%) of their unused sick leave banks accrued prior to July 17, 2012. Any sick leave accumulated after July 17, 2012 will not be paid out.

Sick Time Inclusion in Final Average Compensation – Effective December 1, 2012, the provision which allowed employees to roll 25% of the unused sick leave balances into their Average Final Compensation (AFC) will be discontinued.

Qualifications for the pre-CET retirement provisions:

- (a) Must be eligible for a service retirement (30 years of service) or Early Actuarially Reduced Pension (25 years of credited service but less than 30) on or before November 30, 2012.
- (b) The Notice of Intent of Retirement, Pre-Retirement Information and/or Notice of Retirement forms must be signed, dated and received by the Payroll Division on or before November 30, 2012.
- (c) The Employee's Last Day Worked must be no later than December 31, 2012.